



Record plc

Interim results

Six months to 30 September 2015

24 November 2015



Disclaimer

IMPORTANT INFORMATION

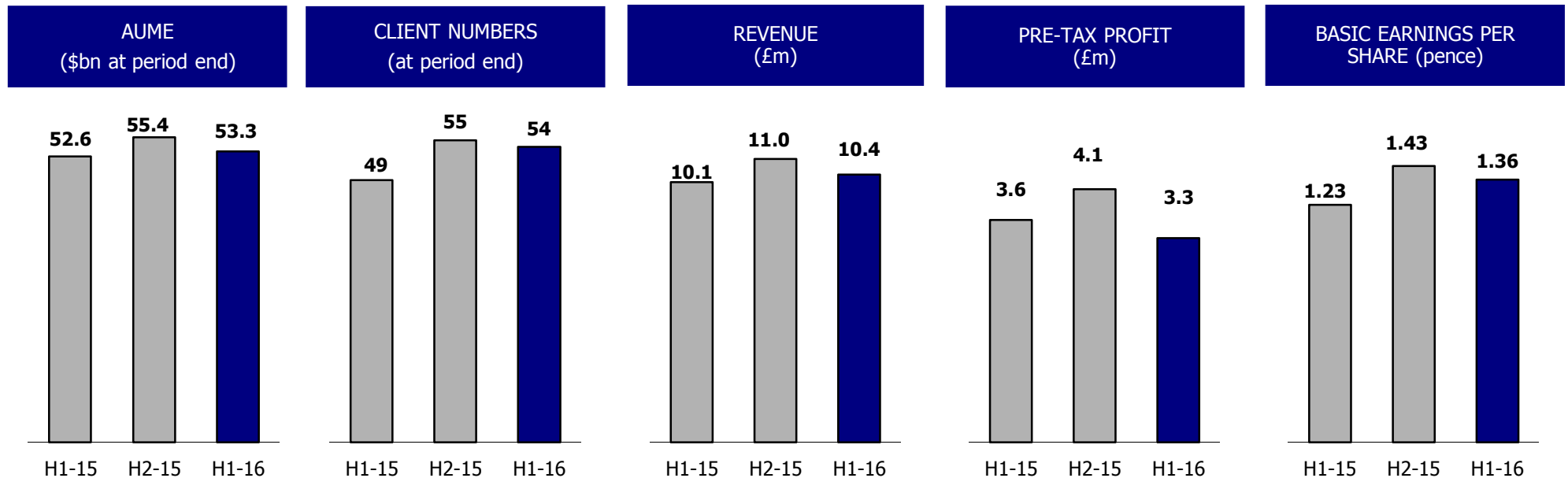
This document does not constitute an offer to sell or an invitation to buy shares in Record plc or any other invitation or inducement to engage in investment activities. Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The value of investments, and the income from them, may go down as well as up, and is not guaranteed. Past performance cannot be relied on as a guide to future performance. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this document.



Headlines

- Client numbers down 1 to 54
- AUME \$53.3bn at 30 September 2015 (-4%)
- Revenue £10.4m (H1-15: £10.1m)
- Management fees of £11.0m (up 13% on H1-15)
- Operating profit margin of 31% (H1-15 : 35%)
- Underlying operating profit margin of 33% (H1-15: 34%)
- Pre-tax profit £3.3m (down 8% on H1-15)
- Underlying pre-tax profit of £3.7m (H1-15: £3.4m)
- Basic EPS 1.36p per share (H1-15: 1.23p per share)
- Interim dividend of 0.825p per share, payable on 23 December 2015
- Shareholders' equity £33.3m at 30 September 2015
- Proposed final dividend of 0.825p, subject to business conditions





Business strategy



Current environment

- New business opportunities
 - Expanded market focus: North America, UK, Continental Europe and Australasia
 - Interest predominantly in Hedging strategies
 - General backdrop of heightened currency volatility
 - Specifically US Dollar strength
 - Currency for Return growth in part driven by prospects for monetary policy divergence
 - Less clear-cut due to concerns on deflation and financial market volatility
 - Revenue margins and volumes
 - The Group seeks to differentiate its services in order to preserve revenue margins through
 - Product enhancement
 - High quality client service
 - Expenditure
 - Salary increase to remain competitive in financial services sector
 - Continued focus on cost control
-



Strategy

- Maintain focus on currency and short-term interest rate management
- Expanded marketing effort in US, Continental Europe and Australasia
- Focus on maintaining client relationships and generating new sales
- Deliver diversification benefits from expanded product offering
- Enhancement of Hedging products and Currency for Return products
- Preserving cash



Expanded product offering

■ Current product range

□ Hedging

- Dynamic Hedging First Live Programme 1983
- Passive Hedging First Live Programme 1999

□ Currency for Return

- FRB Alpha First Live Programme February 2003
- FRB Beta First Live Programme September 2009
- Emerging Markets First Live Programme November 2009
- Currency Momentum First Live Programme July 2012
- Currency Value First Live Programme July 2012
- Multi-Strategy First Live Programme July 2012

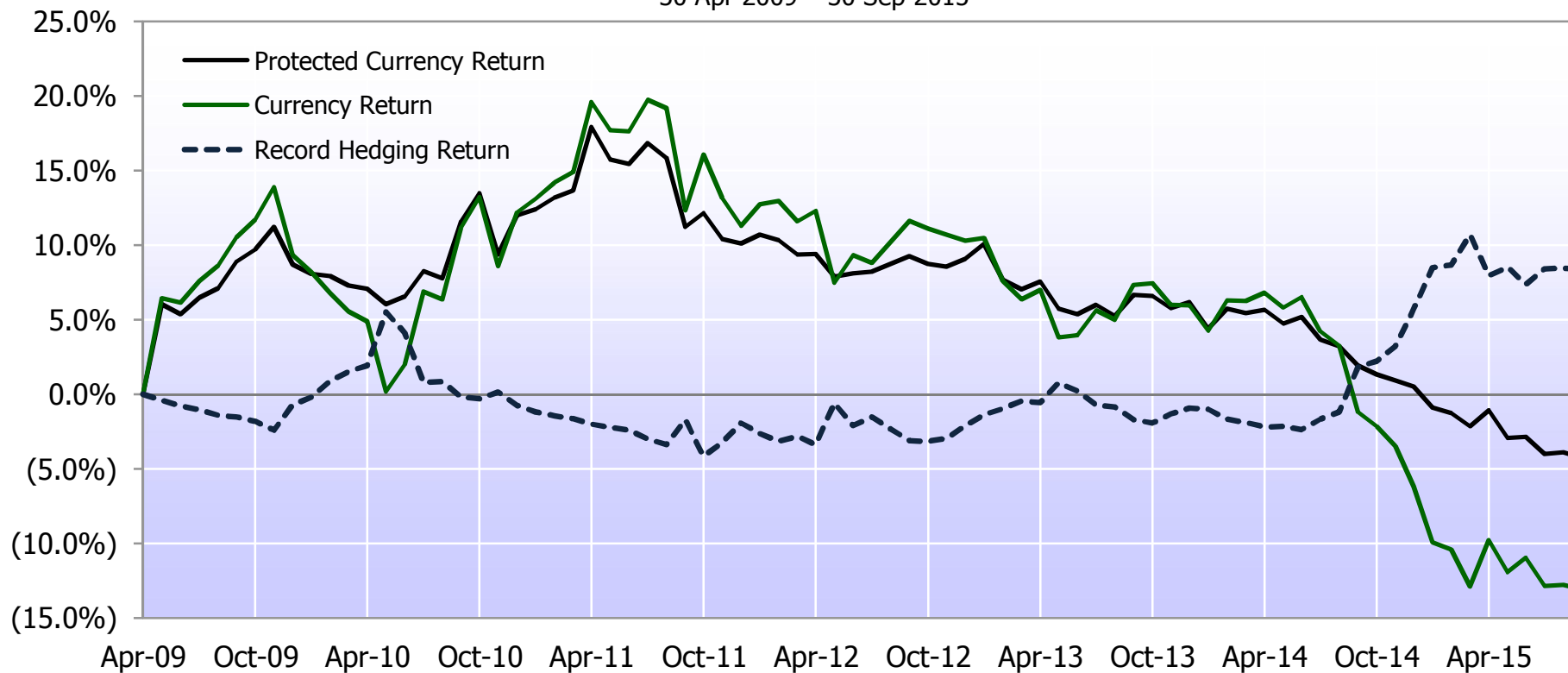


Product Performance



Performance of a US Dynamic Hedging Client

US Dynamic Hedging Client
30 Apr 2009 – 30 Sep 2015



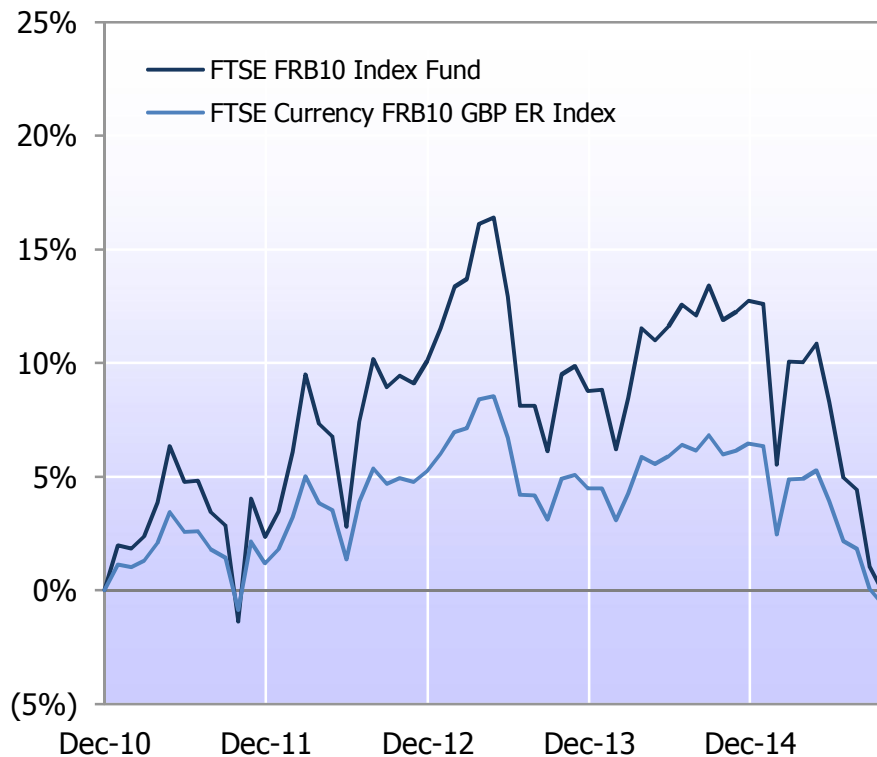
| As at 30 Sep 2015 | Protected Currency Return | Currency Return | Record Hedging Return |
|--------------------------|---------------------------|-----------------|-----------------------|
| Inception to date (cum.) | (4.3%) | (13.1%) | 8.4% |
| Inception to date (ann.) | (0.7%) p.a. | (2.2%) p.a. | 1.3% p.a. |

Source: Record Currency Management and WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging. Performance has been re-scaled to a 0%-100% dynamic range. Data is cumulative from 30 Apr 2009 to 30 Sep 2015.



FRB10 Fund and Alpha Composite Performance

Record Currency FTSE FRB10 Index Fund
01 Dec 2010 - 30 Sep 2015



Alpha Composite
31 Jan 2003 - 30 Sep 2015



| As at 30 Sep 2015 | FTSE FRB10 Index Fund (x1.8) |
|--------------------------|------------------------------|
| Inception to date (cum.) | -0.1% |
| Inception to date (ann.) | 0.0% p.a. |

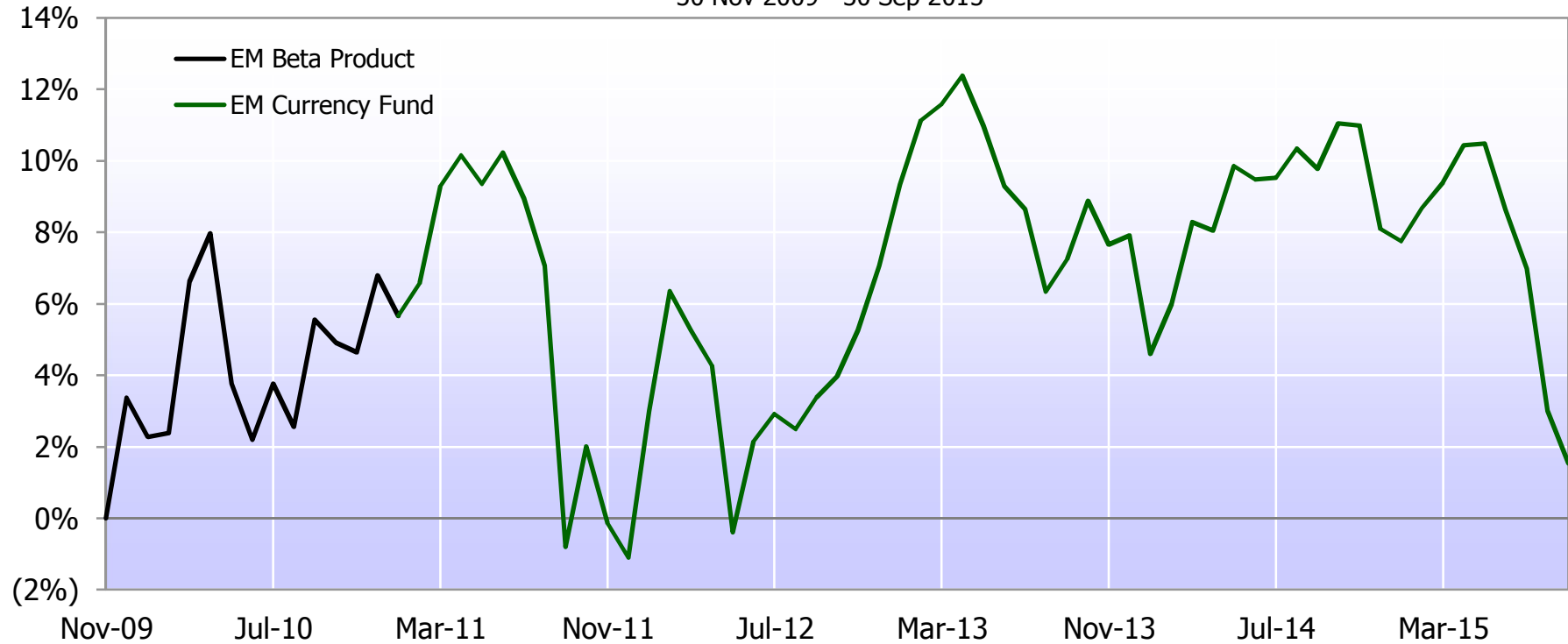
| As at 30 Sep 2015 | Alpha Composite |
|--------------------------|-----------------|
| Inception to date (cum.) | -0.5% |
| Inception to date (ann.) | 0.0% p.a. |

Source: Record Currency Management, FTSE International Ltd. Returns to 30 Sep 2015. Returns of all clients in the Alpha composite are weighted in US dollars and scaled to a gearing ratio of one. The volatility of returns will be greater if higher leverage is applied.



Record's Emerging Market Currency Strategy

Record Emerging Market Strategy
30 Nov 2009 - 30 Sep 2015



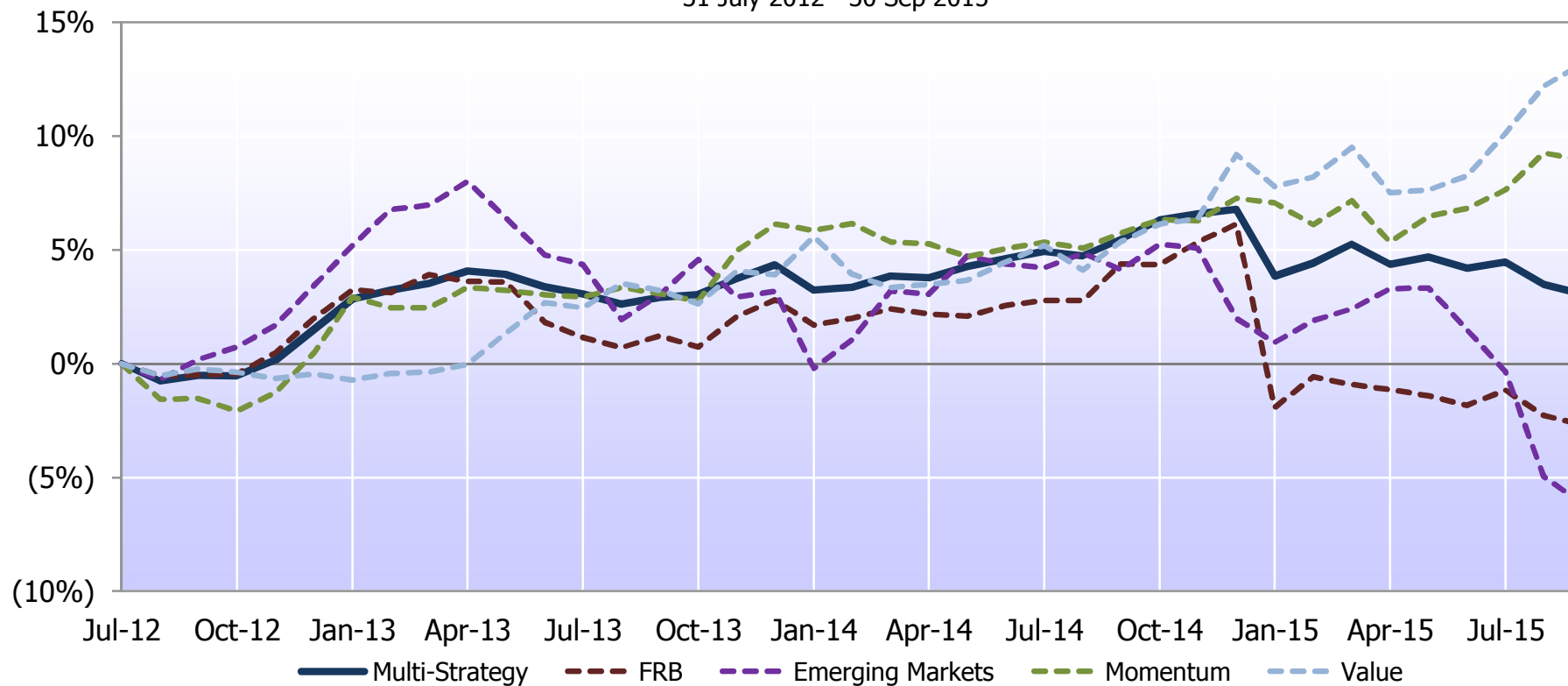
| As at 30 Sep 2015 | Emerging Market Strategy |
|--------------------------|--------------------------|
| Inception to date (cum.) | 1.5% |
| Inception to date (ann.) | 0.3% p.a. |

Source: Record Currency Management. Total returns based on EM Beta product from 30 Nov 2009 to 31 Dec 2010 and Record EM currency fund from 01 Jan 2011 to 30 Sep 2015.



Multi-Strategy Performance

Record Multi-Strategy approach
31 July 2012 - 30 Sep 2015



| As at 30 Sep 2015 | Multi-Strategy | FRB | Emerging Markets | Momentum | Value | DBCR +* |
|--------------------------|----------------|-------------|------------------|-----------|-----------|-----------|
| Inception to date (cum.) | 3.1% | (2.7%) | (6.1%) | 8.9% | 13.2% | 3.7% |
| Inception to date (ann.) | 1.0% p.a. | (0.9%) p.a. | (2.0%) p.a. | 2.7% p.a. | 4.0% p.a. | 1.1% p.a. |

Source: Record Currency Management and Bloomberg. Record Multi-Strategy based on cumulative returns from 31 Jul 2012 to 30 Sep 2015 for a live mandate in CAD base. *Deutsche Bank currency index excess returns converted to CAD: equally weighted strategies in Carry (includes EM currencies), Momentum and Value.

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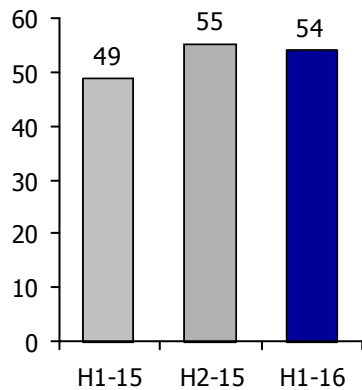


Financial Performance

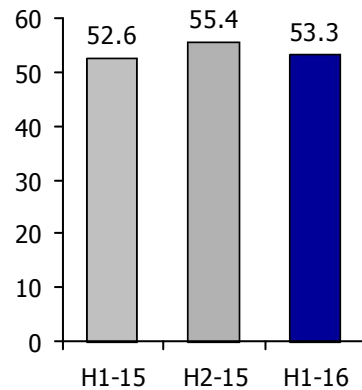


Financial KPIs

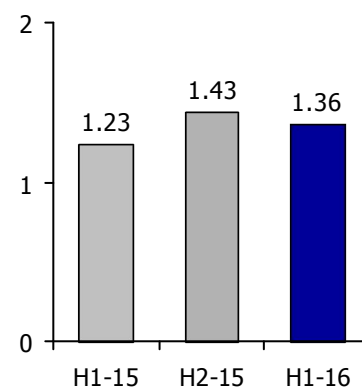
Client numbers



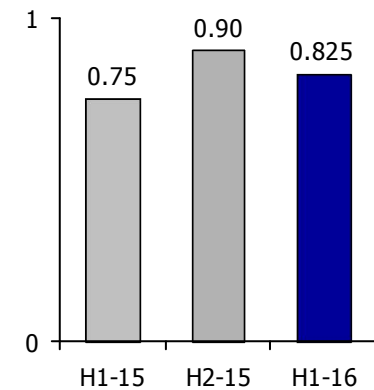
AUME (\$bn)



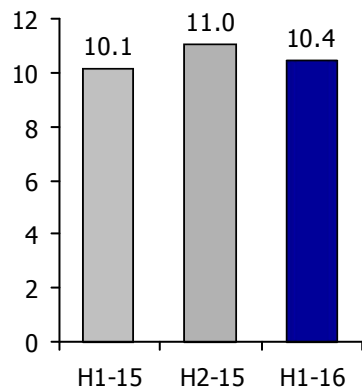
EPS (pence)



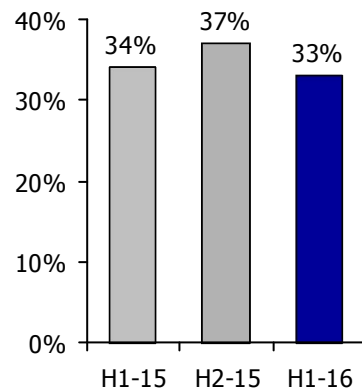
Dividend (pence per share)



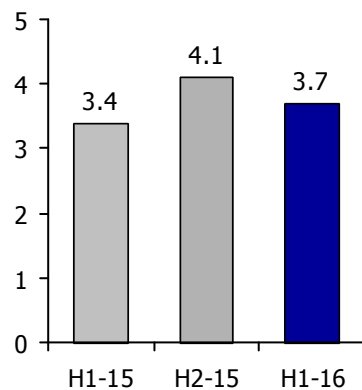
Revenue (£m)



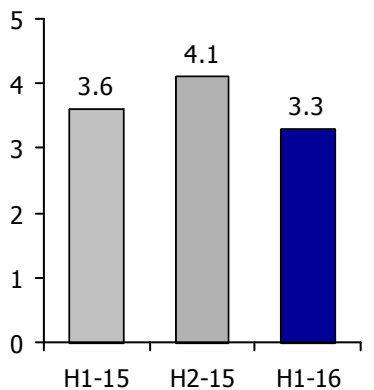
Underlying operating margin



Underlying profit before tax (£m)



Profit before tax (£m)





Financials – client numbers

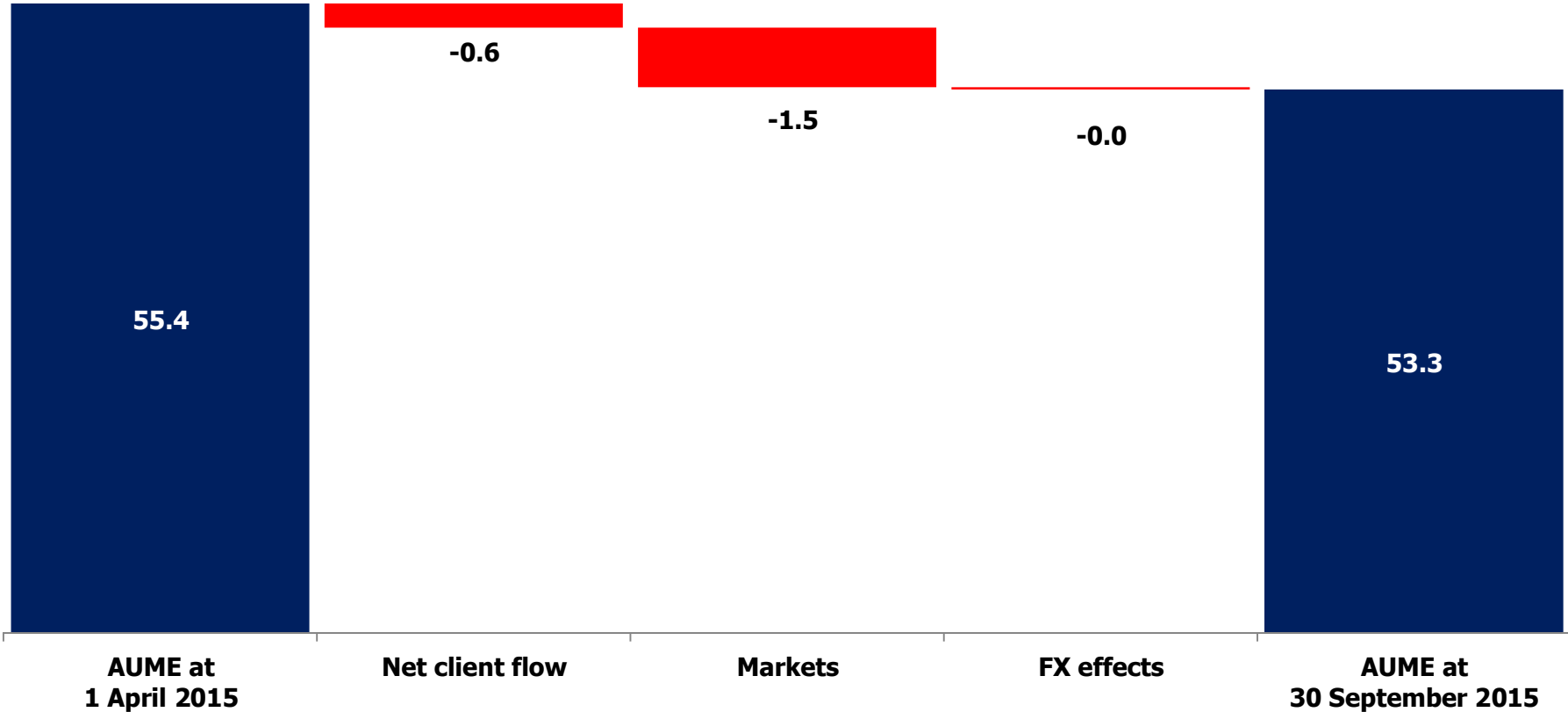
| | 30 Sep 14 | 31 Mar 15 | 30 Sep 15 |
|------------------------------|-----------|-----------|-----------|
| Dynamic Hedging | 11 | 11 | 10 |
| Passive Hedging | 27 | 31 | 32 |
| Hedging | 38 | 42 | 42 |
| Currency for Return | 15 | 17 | 16 |
| Less clients with >1 product | (4) | (4) | (4) |
| Total | 49 | 55 | 54 |

Note: total of client numbers by product type is greater than total client numbers due to some clients having more than one account; for pooled fund, client numbers look through pooled funds to individual investor level.



Financials – AUME movement

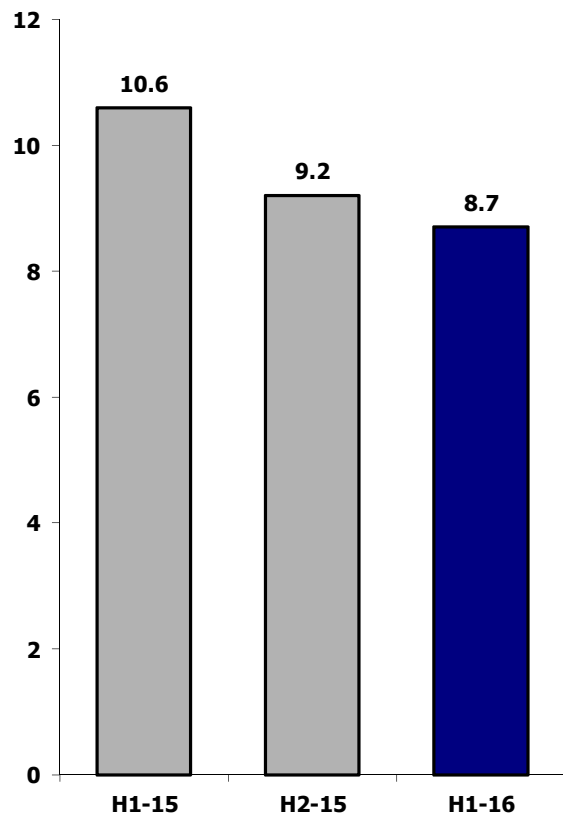
AUME bridge for the six months ended 30 September 2015 (\$bn)



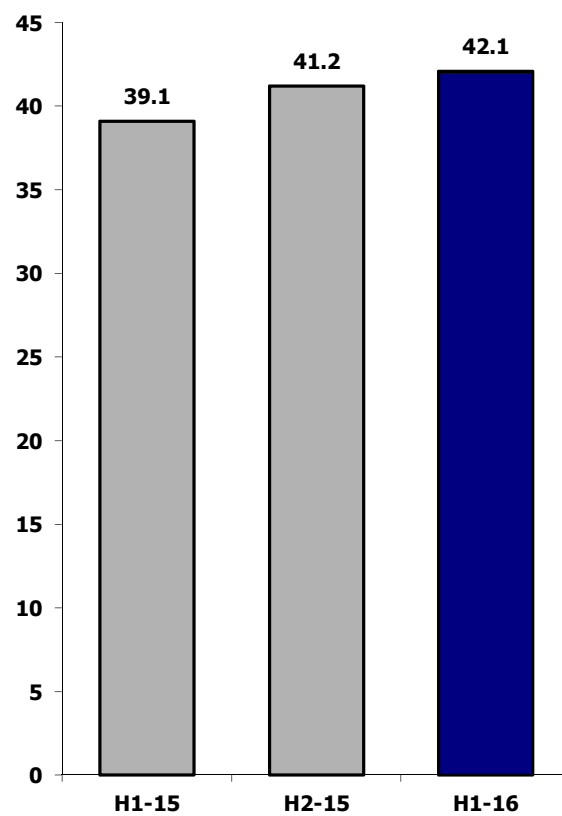


AUME by product at period end

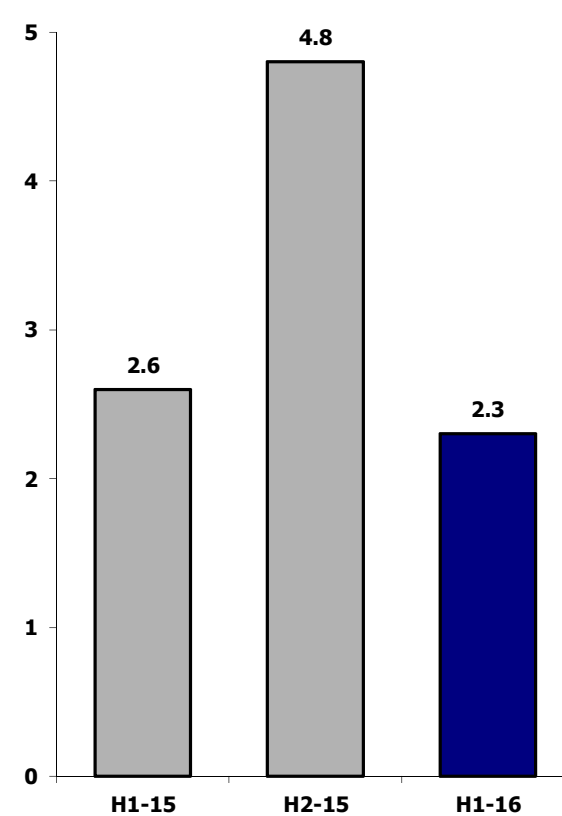
Dynamic Hedging (\$bn)



Passive Hedging (\$bn)



Currency for Return (\$bn)





Hedging mandates – underlying assets

Composition of assets underlying the Hedging mandates

| | Equity | Fixed income | Other |
|-----------------|---------------|---------------------|--------------|
| Dynamic Hedging | 75% | -0% | 25% |
| Passive Hedging | 28% | 53% | 19% |

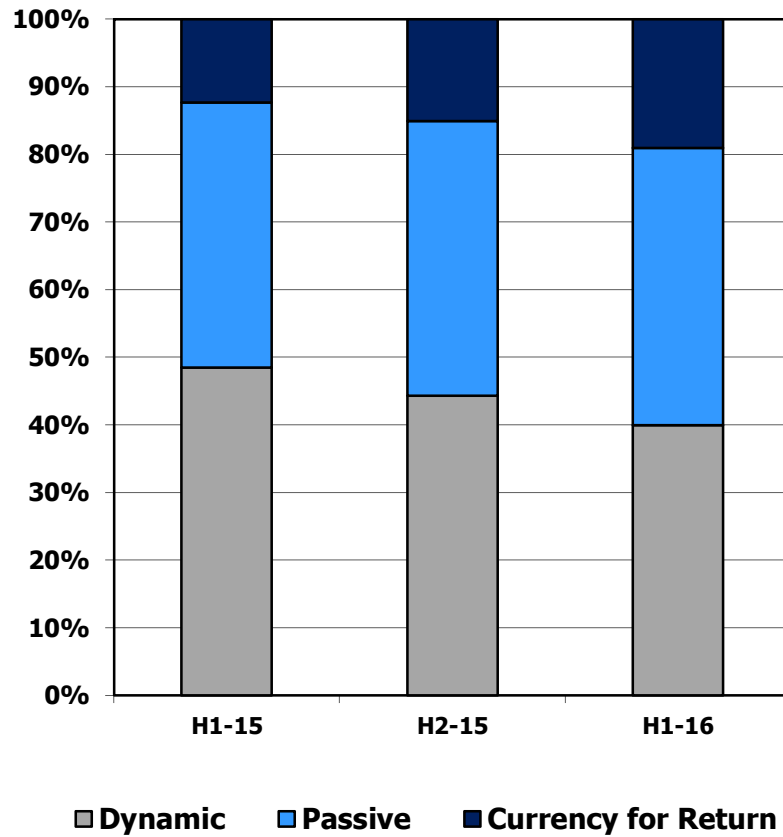


Financials – Average AUME, management fee rates & fees

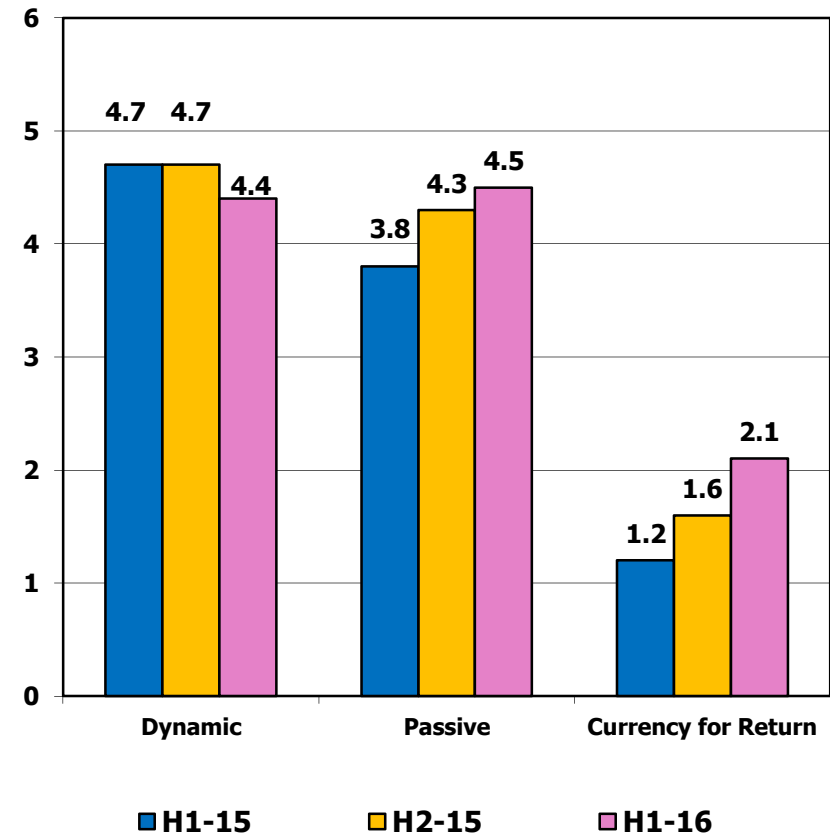
| | Av. AUME (\$bn) | | Av. mgmt. fee rates (bps) | | Mgmt. Fee (£m) | |
|---------------------|--------------------|-------------|------------------------------|----------|-------------------|-------------|
| | H1-16 | FY-15 | H1-16 | FY-15 | H1-16 | FY-15 |
| Dynamic Hedging | 9.1 | 10.2 | 15 | 15 | 4.4 | 9.4 |
| Passive Hedging | 41.9 | 39.7 | 3 | 3 | 4.5 | 8.1 |
| Currency for Return | 4.2 | 2.9 | 15 | 16 | 2.1 | 2.8 |
| Cash | 0.2 | 0.3 | - | - | - | - |
| Combined | 55.4 | 53.1 | 6 | 6 | 11.0 | 20.3 |

Financials – fee analysis

Management fees analysis by product



Management fees by product (£m)



Financials – income statement

| | H1-16 | | H1-15 | |
|---|------------------|--------------------|------------------|--------------------|
| | Underlying £m | Consolidated £m | Underlying £m | Consolidated £m |
| Management fees | 11.0 | 11.0 | 9.7 | 9.7 |
| Performance fees | - | - | - | - |
| Other income | (0.2) | (0.6) | 0.2 | 0.4 |
| Total Income | 10.8 | 10.4 | 9.9 | 10.1 |
| Cost of sales | (0.2) | (0.1) | (0.1) | (0.1) |
| Gross Profit | 10.6 | 10.3 | 9.8 | 10.0 |
| Operating costs (excl. variable remuneration) | (5.5) | (5.6) | (5.1) | (5.1) |
| Variable remuneration | (1.5) | (1.5) | (1.4) | (1.4) |
| Total expenditure | (7.0) | (7.1) | (6.5) | (6.5) |
| Operating profit | 3.6 | 3.2 | 3.3 | 3.5 |
| Operating Profit Margin | 33% | 31% | 34% | 35% |
| Finance income | 0.1 | 0.1 | 0.1 | 0.1 |
| Profit before tax | 3.7 | 3.3 | 3.4 | 3.6 |
| Taxation | (0.7) | (0.7) | (0.7) | (0.7) |
| Profit after tax | 3.0 | 2.6 | 2.7 | 2.9 |

Financials - earnings

| | H1-15 | H2-15 | H1-16 |
|--|-------------|-------------|---------------|
| | £m | £m | £m |
| Profit before tax | 3.6 | 4.1 | 3.3 |
| Tax | (0.7) | (1.0) | (0.7) |
| Profit after tax | 2.9 | 3.1 | 2.6 |
| Profit attributable to the equity holders | 2.7 | 3.1 | 3.0 |
| Profit /loss attributable to Non controlling interests | 0.2 | 0.0 | (0.4) |
| eps – basic | 1.23p | 1.43p | 1.36p |
| eps – diluted | 1.23p | 1.42p | 1.35p |
| Final / interim dividend per share | 0.75p | 0.90p | 0.825p |
| Dividend cover | 1.6x | 1.6x | 1.6x |

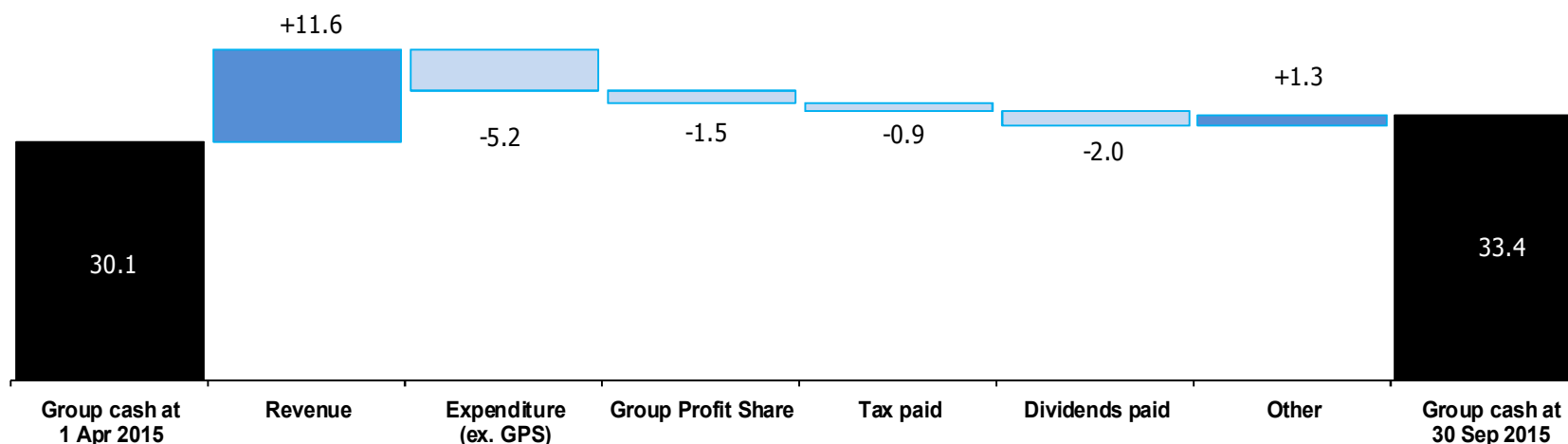
Financials – balance sheet

| | H1-16 £m | FY-15 £m |
|--|-------------|-------------|
| Fixed assets | 0.6 | 0.7 |
| Investments | 0.0 | 2.6 |
| Non-current assets | 0.6 | 3.3 |
| Trade debtors and other receivables | 5.9 | 6.3 |
| Derivative financial assets | 0.0 | 0.6 |
| Money market instruments | 14.2 | 18.1 |
| Cash and cash equivalents | 19.2 | 12.0 |
| Current assets | 39.3 | 37.0 |
| Current liabilities | (3.3) | (4.5) |
| Net assets | 36.6 | 35.8 |
| Equity attributable to owners of the parent | 33.3 | 31.9 |
| Non-controlling interest | 3.3 | 3.9 |
| Total equity | 36.6 | 35.8 |



Financials - cash

CASH BRIDGE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015 (£m)



- The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills with maturities of up to 1 year. Whilst the Group manages and considers all of these instruments as cash, which are subject to its own internal cash management process, not all of these instruments are classified as cash or cash equivalents under IFRS.
- The IFRS classification of these instruments has a material impact on the IFRS cash flow statement which considers the flows relating to cash and cash equivalents only, and indicates a £3.9 million cash inflow as a result of transfers between "cash and cash equivalents" and "money market instruments with maturities greater than 3 months".
- As a result of initial consolidation of the Record Currency – FTSE FRB10 Index fund there was an increase of +£1.9m in cash, included in "other".
- Group cash at 30 September 2015 includes £6.2 million held by the seed funds (2015: £4.5 million).



Appendices



Management and Board

Executive management

| Name | Position | Experience |
|---------------------------|--------------------------|--|
| James Wood-Collins | Chief Executive Officer | ■ Joined Record in 2008. Previously a Managing Director at JP Morgan Cazenove advising financial institutions on M&A, IPOs and related corporate finance transactions |
| Bob Noyen | Chief Investment Officer | ■ Joined Record in 1999 with responsibility for Investment & Research ■ Previously worked as Assistant Treasurer for Minorco (now part of Anglo American plc) |
| Leslie Hill | Head of Client Team | ■ Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999 ■ Prior experience includes working at Lloyds Bank and Merrill Lynch, where she was Director and Head of Corporate Foreign Exchange Sales worldwide |
| Steve Cullen | Chief Financial Officer | ■ Qualified as a Chartered Accountant in 1994 and joined Record in 2003 as Financial Controller ■ Appointed to the Board and made Chief Financial Officer on 15 March 2013 |

Non-executive Directors

| Name | Position | Experience |
|------------------------|---|--|
| Neil Record | Chairman | ■ Founded Record in 1983, principal shareholder and Chairman ever since ■ Acknowledged as one of the leading figures in the currency investment management industry |
| Cees Schrauwers | Senior Independent Director | ■ Formerly Managing Director, Aviva International; Managing Director, CGU Insurance; Partner, Coopers & Lybrand; Senior Independent Director Brit Insurance Holdings; Chairman Drive Assist Holdings Ltd ■ Currently Chairman of the Guernsey Financial Services Commission |
| Andrew Sykes | Non-Executive Director (independent) | ■ Formerly Director, Schroders plc ■ Currently Chairman of SVG Capital plc and Smith & Williamson Holdings Limited, and a Non-executive Director of Gulf International Bank (UK) Limited |
| David Morrison | Non-Executive Director (independent) | ■ Director PayPoint plc; Chairman Snoozebox Holdings plc; a Director of several private companies and a Non-executive Director of N P Record plc between 1987 - 1996 ■ Founder and Chief Executive of Prospect Investment Management |
| Jane Tufnell | Non-Executive Director (independent) | ■ Co-founded the investment management firm Ruffer in 1994 ■ Formerly Non-executive Director of TR European Growth Trust plc ■ Currently Chairman of GVQ Investment Management Limited, Senior Independent Director of The Diverse Income Trust plc and an Non-executive Director of JPMorgan Claverhouse Investment Trust plc |



AUME definition

- **Dynamic Hedging mandates:**

- = total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged, plus

- **Passive Hedging mandates:**

- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client, plus

- **Currency for Return mandates:**

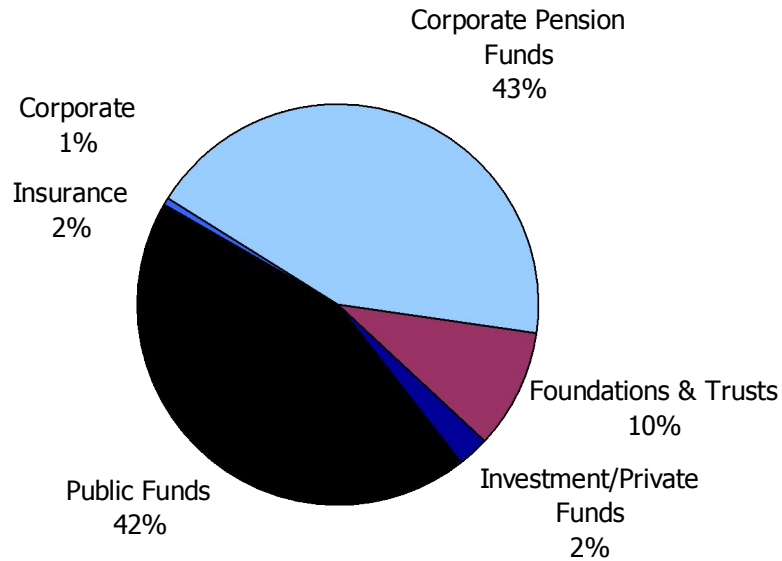
- = the maximum aggregate nominal amount of outstanding forward contracts for each client, plus

- **Cash:**

- = the total set aside by clients and managed and/or "equitised" using futures by Record.

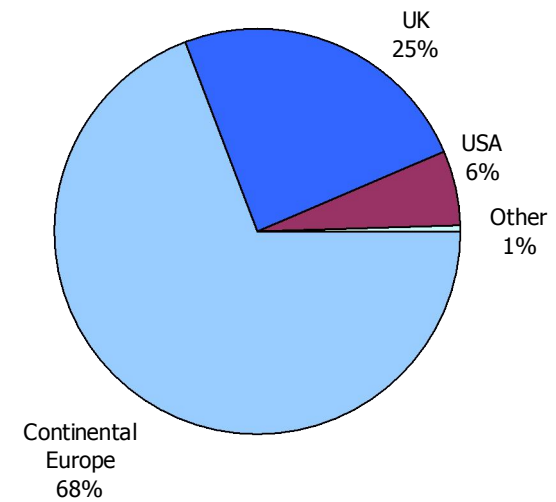
AUME analysis

Split of AUME by client type — 30 September 2015



Total: \$53.3 bn

Split of AUME by geography — 30 September 2015



Total: \$53.3 bn

Note: both pie charts look through pooled funds to individual investor level



Group Profit Share (GPS) and Share Scheme

Group Profit Share Scheme

- **GPS Scheme is split into a 27% Profit Share Pool and a 3% Matching Pool – in line with intention to be 30% of Operating Profit over the medium term**
- **GPS Scheme is shared amongst all staff based on “profit share units”**
- **For all senior employees including Board Directors:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares - shares attract a matching award (funded from the Matching Pool)
 - Shares subject to “lock up” for up to 3 years
- **GPS Scheme rules include claw back provisions**

Share Scheme

- **Share Scheme rules include claw back provisions for options issued to Executive Directors**
- **No options granted in the period**



Financials – cost analysis

| | H1-15 | H2-15 | H1-16 |
|--|--------------|--------------|--------------|
| | £m | £m | £m |
| Personnel (excluding Group Profit Share) | 3.0 | 3.0 | 3.5 |
| Non-personnel cost | 2.1 | 2.1 | 2.1 |
| Expenditure before Group Profit Share | 5.1 | 5.1 | 5.6 |
| Group Profit Share Scheme | 1.4 | 1.8 | 1.5 |
| Total Expenditure | 6.5 | 6.9 | 7.1 |



Financials – concentration

Largest clients by H1-16 fees

| | AUME | Management fees | |
|---------------|-------------|-----------------|-------------|
| | \$bn | £m | % |
| Clients 1-10 | 40.1 | 9.2 | 84% |
| Clients 11-20 | 8.7 | 1.5 | 14% |
| Other clients | 4.5 | 0.3 | 2% |
| Total | 53.3 | 11.0 | 100% |